

## EXECUTION COPY

### GUARANTEE AGREEMENT

This Guarantee Agreement (the “**Guarantee**”) is entered into as of May 30, 2008 by SCANA Corporation (the “**undersigned**”), a South Carolina corporation, in favor of and for the benefit of the Holders (as defined below).

**WHEREAS**, South Carolina Generating Company, Inc. (the “**Company**”), a South Carolina corporation and a wholly-owned subsidiary of the undersigned, is indebted to (a) The Prudential Insurance Company of America (“**PICA**”), pursuant to a Note Agreement, dated as of August 21, 1992 (as amended, modified or restated from time to time, the “**1992 Note Agreement**”) in the original principal amount of \$78,500,000 evidenced by the Company’s 7.78% Senior Secured Notes due December 31, 2011 (the “**1992 Notes**”) and (b) PICA, General Electric Capital Assurance Company, First Colony Life Insurance Company, Security Life of Denver Insurance Company, United Of Omaha Life Insurance Company, RGA Reinsurance Company, and National Life Insurance Company (collectively, the “**2004 Purchasers**”), pursuant to a Note Agreement, dated as of February 11, 2004 (as amended, modified or restated from time to time, the “**2004 Note Agreement**”) in the original principal amount of \$100,000,000 evidenced by the Company’s 5.49% Senior Secured Notes due February 1, 2024 (the “**2004 Notes**”);

**WHEREAS**, as a condition of and in order to assure the performance of the obligations under the 1992 Note Agreement, the 1992 Notes, the 2004 Note Agreement and the 2004 Notes, the undersigned executed that certain Amended and Restated Guarantee Agreement dated as of February 11, 2004 (as amended, restated or otherwise modified from time to time, the “**Existing Guarantee Agreement**”);

**WHEREAS**, the Company has or is about to enter into (a) a Modification Letter to the 1992 Note Agreement dated as of May 30, 2008 (the “**1992 Modification Letter**”) under which the Company and PICA agree to certain modifications to the 1992 Note Agreement and (b) a Modification Letter to the 2004 Note Agreement dated as of May 30, 2008 (the “**2004 Modification Letter**” and together with the 1992 Modification Letter, being collectively, the “**Modification Letters**”) under which the Company and the 2004 Purchasers agree to certain modifications to the 2004 Note Agreement;

**WHEREAS**, the Company is about to enter into a Note Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “**Note Agreement**”), dated as of May 30, 2008, under which PICA (the “**Purchaser**” and, together with its successors and assigns and any other Person who becomes a holder of a Note (as hereinafter defined), the “**Holders**”) will purchase (a) \$80,000,000 principal amount of the Company’s 6.06% Series 2008-A Senior Secured Notes due June 1, 2018 (the “**2008-A Notes**”) and (b) \$80,000,000 principal amount of the Company’s 6.06% Series 2008-B Senior Secured Notes due June 1, 2018 (the “**2008-B Notes**” and together with the 2008-A Notes, being collectively, the “**Notes**”);

**WHEREAS**, the proceeds from the issuance of the Notes will be used to purchase and install pollution control equipment for the Williams Station and for general corporate

purposes, including, without limitation, to repay capital contributions and advances and indebtedness owed by the Company to the undersigned and the Utility Money Pool and it is in the undersigned's interest to have the Company purchase and install such pollution control equipment and repay such capital contributions and advances; and

**WHEREAS**, one of the conditions precedent to the effectiveness of the Note Agreement is that the undersigned enter into this Guarantee to guarantee the Indebtedness (as defined herein) in the manner set forth in this Guarantee.

**NOW THEREFORE**, for value received, to satisfy one of the conditions precedent to the purchase of the Notes, to induce the Purchaser to purchase the Notes, to induce any Transferee to accept the transfer of all or any part of any Note, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees as follows:

### **ARTICLE I. DEFINITIONS**

**Section 1.1 Definitions.** (a) Capitalized terms that are used herein have the following meanings:

**"Holder"** shall mean the Purchaser, each Transferee and any other holder of any of the Notes.

**"Indebtedness"** shall mean all of the indebtedness, obligations and liabilities existing on the date hereof or arising from time to time thereafter, whether direct or indirect, joint or several, actual, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of the Company to the Holders under or in respect of any one or more of the Transaction Documents, including, without limitation, the principal of and interest and Yield Maintenance Amount, if any, on the Notes.

**"Significant Subsidiary"** shall mean (1) the Gas Corporation (as defined in the Inducement Letter) and (2) any other Subsidiary of the undersigned (i) that is subject to the jurisdiction of the SCPSC, FERC or any other similar commission or Person or (ii) meeting any of the following requirements: (1) the undersigned's and its other Subsidiaries' investments in and advances to such Subsidiary exceed 10 percent of total consolidated assets of the undersigned and its Subsidiaries as of the end of the most recently completed fiscal year; or (2) the undersigned's and its other Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of such Subsidiary exceeds 10 percent of the total assets of the undersigned's and its Subsidiaries' consolidated assets as of the end of the most recently completed fiscal year; or (iii) the undersigned's and its other Subsidiaries' equity in the income from continuing operations, before income taxes, extraordinary items and cumulative effect of a change in accounting principles, of such Subsidiary exceeds 10 percent of consolidated income of the undersigned and its Subsidiaries for the most recently completed fiscal year.

(b) Capitalized terms that are used herein and are not defined herein shall have the meanings ascribed to them in the Note Agreement, except that with respect to the terms "Plan" and "ERISA Affiliate" as they are defined in the Note Agreement, each reference to "Company" in such definitions shall be a reference to the "undersigned" for purposes herein.

Unless the context of this Guarantee otherwise clearly requires, references to the plural include the singular, the singular include the plural and “or” has the inclusive meaning represented by the phrase “and/or.”

## **ARTICLE II. THE GUARANTEE**

**Section 2.1 Guarantee of Payment and Performance of Obligations.** The undersigned unconditionally guarantees the full and prompt payment when due, whether at maturity, a stated prepayment date or earlier by reason of acceleration or otherwise, and at all times thereafter, and the due and punctual performance of all of the Indebtedness; and the undersigned further agrees to pay all costs and expenses, including, without limitation, all court costs and attorneys’ fees and expenses, paid or incurred in endeavoring to collect all or any part of the Indebtedness from, or in pursuing any action against, the Company, the undersigned or any other guarantor of all or any part of the Indebtedness or enforcing any rights of any Holder in the Mortgaged Property or the Collateral or in any security for the liability of the undersigned or any other such guarantor (such costs and expenses being sometimes hereinafter referred to as the “**Collection Costs**”). This is a continuing guarantee of payment and not of collection.

The undersigned covenants that it will not be discharged except by complete performance of the obligations contained herein. Upon an Event of Default under the Note Agreement, any Holder may, at its sole election and without notice, proceed directly and at once against the undersigned to collect and recover the full amount of any portion of the liability of the undersigned hereunder, without first proceeding against the Company, any other Person or the Mortgaged Property or the Collateral or any other security for the Indebtedness or for the liability of the undersigned under this Guarantee or for the liability of any such other Person. A Holder shall have the exclusive right to determine the application of payments and credits, if any, from the undersigned, the Company or from any other Person on account of the Indebtedness or otherwise.

**Section 2.2 Obligations Unconditional.** The undersigned hereby agrees that the obligations of the undersigned under this Guarantee shall be continuing, absolute and unconditional, irrespective of (i) the invalidity or unenforceability of the Indebtedness or any Transaction Document or any part thereof; (ii) the absence of any attempt to collect the Indebtedness from the Company or any other guarantor of all or any part of the Indebtedness or other action to enforce the same; (iii) the waiver or consent by any Holder with respect to any provision of any Transaction Document or applicable law; (iv) any failure by a Holder to acquire, perfect or maintain a mortgage lien on or security interest in, or take any steps to preserve its rights to, the Mortgaged Property or the Collateral or any other security for the Indebtedness; (v) any defense arising by reason of any disability or other defense (other than a defense of payment, unless the payment on which such defense is based was or is subsequently invalidated, declared to be fraudulent or preferential, otherwise avoided or required to be repaid to the Company, the undersigned, the estate of either the Company or the undersigned, a trustee, receiver or any other Person under any bankruptcy law, state or federal law, common law or equitable cause, in which case there shall be no defense of payment with respect to such payment) of Company or any other Person liable on the Indebtedness or any portion thereof; (vi) a Holder’s election, in any proceeding instituted under the Federal Bankruptcy Code (11 U.S.C. §101 et seq.) (the “**Bankruptcy Code**”), of the application of Section 1111(b)(2) of the

Bankruptcy Code; (vii) any borrowing from or grant of a security interest to any Holder by the Company, as debtor-in-possession, under Section 364 of the Bankruptcy Code, or any extension of credit, under Section 364 of the Bankruptcy Code; (viii) the disallowance or avoidance under the Bankruptcy Code of all or any portion of a Holder's claim(s) for repayment of the Indebtedness or the avoidance of any security for the Indebtedness; (ix) any amendment to, waiver or modification of, or consent under any provision of the Transaction Documents; (x) any change in any provision of any law or regulation; (xi) any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, binding on or affecting the undersigned or any of its assets; (xii) any mortgage, indenture, lease, contract, or other agreement (including without limitation any agreement with stockholders), instrument or undertaking to which the undersigned is a party or which purports to be binding on or affect the undersigned or any of its assets; or (xiii) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

**Section 2.3 Freedom to Act.** Any Holder is hereby authorized, without notice to the undersigned and without affecting the liability of the undersigned hereunder to such Holder or any other Holder, from time to time to (i) renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, the Indebtedness, or otherwise modify, amend or change the terms of any of the Transaction Documents (other than this Guarantee); (ii) accept partial payments on the Indebtedness; (iii) take and hold security or additional guarantees or sureties for the Indebtedness or any part thereof or any other liabilities of the Company, the obligations of the undersigned under this Guarantee and the obligations under any other guarantees of the Indebtedness, and exchange, enforce, waive, release, sell, transfer, assign or otherwise deal with any such security, guarantee or surety; (iv) apply such security or any proceeds thereof and direct the order or manner of sale thereof as each Holder may determine in its discretion; (v) settle, release, compromise, collect or otherwise liquidate the Indebtedness or any portion thereof and any security therefor in any manner; (vi) extend additional loans, credit and financial accommodations and otherwise create additional Indebtedness; (vii) waive strict compliance with the terms of the Transaction Documents and otherwise forbear from asserting the Holder's rights and remedies thereunder; (viii) enforce or forbear from enforcing the guarantee of any other guarantor of all or any part of the Indebtedness or release any such guarantor; and (ix) assign this Guarantee in part or in whole in connection with any assignment of any part or all of the Indebtedness.

No failure on the part of any Holder to exercise, and no delay in the exercise of, any right or remedy shall operate as a waiver thereof, and no single or partial exercise by any Holder of any right or remedy shall preclude any further exercise thereof by such Holder or any other Holder nor shall any modification or waiver of any of the provisions of this Guarantee be binding upon any Holder except as expressly set forth in a writing duly signed and delivered on that Holder's behalf by any authorized officer of Holder. Any Holder's failure at any time or times hereafter to require strict performance by the undersigned of any of the covenants, provisions, warranties, terms and conditions contained in this Guarantee or any other promissory note, loan agreement, lease, security agreement, mortgage, agreement, instrument or other document now or at any time or times hereafter executed by the undersigned and delivered to any Holder shall not waive, affect or diminish any right of any Holder at any time or times hereafter to demand strict performance therewith and no waiver of any such right shall be deemed to occur by any act or knowledge of any Holder, its agents, officers or employees or be

binding against any Holder, except as expressly set forth in a writing duly signed and delivered on that Holder's behalf by an officer of Holder, other than amendments, consents or waivers pursuant to Section 6.1. No waiver by any Holder of any default shall operate as a waiver of any other default or the same default on a future occasion, and no action by any Holder permitted hereunder shall in any way affect or impair any Holder's rights or the obligations of the undersigned under this Guarantee. Any determination by a court of competent jurisdiction of the amount of any part of the Indebtedness owing by the Company to any Holder at any time shall be conclusive and binding on the undersigned irrespective of whether the undersigned was a party to the suit or action in which such determination was made. Other than amendments, consents or waivers pursuant to Section 6.1, no modification or waiver of any of the provisions of this Guarantee by a Holder nor any action by a Holder permitted hereunder shall affect or impair any other Holder's rights or the obligations of the undersigned under this Guarantee unless such modification, waiver or action is consented to in a writing duly signed and delivered on such Holder's behalf by an officer of such Holder.

**Section 2.4 Waivers of Undersigned.** The undersigned will not exercise any rights which it may have acquired by way of subrogation under this Guarantee, by any payment made hereunder or otherwise, or accept any payment on account of such subrogation rights, or any rights of reimbursement or indemnity or any rights or recourse to any security for the Notes or this Guarantee unless and until all of the obligations, undertakings or conditions to be performed or observed by the Company pursuant to the Notes, the Note Agreement and any other Transaction Document at the time of the undersigned's exercise of any such right shall have been performed, observed or paid in full. If any amount shall be paid to the undersigned on account of such subrogation or any such other rights at any time, such amount shall be held in trust for the benefit of the Holders and shall forthwith be paid to the Holders to be credited and applied to the Company's obligations to the Holders, whether matured or unmatured, in accordance with the terms hereof.

The undersigned also waives all set-offs and counterclaims and all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and diligence with respect to the Indebtedness and the obligations of the undersigned hereunder, the filing of any claims with a court in the event of receivership or bankruptcy of the Company, and notices of acceptance of this Guarantee. The undersigned further waives all notices that the principal amount, any payment or any portion thereof, any interest or Yield Maintenance Amount on all or any part of the Indebtedness is due, notices of any and all proceedings to collect from the Company, any endorser or any other guarantor of all or any part of the Indebtedness, or from any other Person, and, to the extent permitted by law, notices of exchange, sale, surrender or other handling of the Mortgaged Property or the Collateral or any other security given to any Holder to secure payment of the Indebtedness. The undersigned consents and agrees that no Holder shall be under any obligation to marshal any assets in favor of the undersigned or against or in payment of any or all of the Indebtedness.

**Section 2.5 Revival.** The undersigned further agrees that to the extent the Company or the undersigned makes a payment or transfers an interest in any property to any Holder or any Holder enforces any Lien or exercises any rights of set-off, and such payment or transfer or proceeds of such enforcement or set-off, or any portion thereof, are subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to

be repaid to the Company, the undersigned, the estate of either the Company or the undersigned, a trustee, receiver or any other Person under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made or such enforcement or set-off had not occurred.

**Section 2.6 Subordination.** The undersigned further agrees that any and all present and future debts and obligations of the Company, any endorser, or any guarantor of any part or all of the Indebtedness to the undersigned and any and all claims of the undersigned against the Company, any endorser, or any guarantor of any part or all of the Indebtedness, or any of their respective properties, howsoever arising, shall be subordinate and subject in right of payment to the prior payment, in full, of the Indebtedness and as security for this Guarantee, the undersigned hereby assigns to each Holder all claims of any nature which the undersigned may now or hereafter have against the Company.

**Section 2.7 Bankruptcy.** If any Event of Default specified in clauses (vii) to (x), inclusive, of paragraph 7A of the Note Agreement shall occur and be continuing, any and all obligations of the undersigned shall, at the option of any Holder, forthwith become due and payable without notice.

### **ARTICLE III. AFFIRMATIVE COVENANTS**

**Section 3.1 Financial Statements.** The undersigned covenants that it will deliver to each Significant Holder:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, condensed consolidated statements of income, cash flows and comprehensive income of the undersigned and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a condensed consolidated balance sheet of the undersigned and its Subsidiaries as at the end of such quarterly period, setting forth in the case of the statements of income in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and satisfactory in form to the Required Holder(s) and certified by an authorized financial officer of the undersigned, subject to changes resulting from year-end adjustments; provided, however, that the requirements of this clause (i) shall be deemed to be satisfied if the Company shall (a) deliver pursuant to clause (iii) below of copies of the Quarterly Report on Form 10-Q of the undersigned for such quarterly period filed with the Securities and Exchange Commission, (b) have timely posted such financial statements on its home page on the worldwide web and shall have given each Significant Holder prior notice (such notice to include the address of its home page and any user identification information or passwords necessary to access such financial statements) of such availability on its home page (such availability and notice thereof being referred to as "*Electronic Delivery*") or (c) deliver such financial statements to each Significant Holder in a manner that has been approved by such Significant Holder;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, consolidated statements of income and cash flows and a consolidated statement of changes in common equity of the undersigned and its Subsidiaries for such year, and a consolidated balance sheet of the undersigned and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s) and, as to the consolidated statements, reported on by independent public accountants of recognized national standing selected by the undersigned whose report shall be without limitation as to the scope of the audit and satisfactory in substance to the Required Holder(s); provided, however, that the requirements of this clause (ii) shall be deemed to be satisfied if the Company shall (a) deliver pursuant to clause (iii) below of copies of the Annual Report on Form 10-K of the undersigned for such fiscal year filed with the Securities and Exchange Commission, (b) have timely made Electronic Delivery or (c) deliver such financial statements to each Significant Holder in a manner that has been approved by such Significant Holder;

(iii) promptly, and in any event within 30 days, upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its public stockholders and copies of all registration statements (without exhibits) and all reports pursuant to the Securities Exchange Act of 1934 (other than Forms 3, 4 and 5 or similar forms) which it files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission); provided, that the Company shall be deemed to have made such delivery of the items described above if it shall have timely made Electronic Delivery thereof or delivered such items to each Significant Holder in a manner that has been approved by such Significant Holder;

(iv) promptly upon receipt thereof, a copy of each other report on examination submitted to the undersigned or any Significant Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the undersigned or any Significant Subsidiary; and

(v) with reasonable promptness, such other financial data as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the undersigned will deliver to each Significant Holder an Officer's Certificate stating that there exists no failure by the undersigned to perform or comply with any of its obligations hereunder or under the Subordination Agreement, or, if any such failure exists, specifying the nature and period of existence thereof and what action the undersigned proposes to take with respect thereto (which, in the case of Electronic Delivery of any such financial statements, shall be by separate prompt delivery of such Officer's Certificate to each Significant Holder).

**Section 3.2 Inspection of Property; Books and Records.** The undersigned covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit and inspect any of the properties of the undersigned and its Subsidiaries, to examine the corporate books and financial records of the undersigned and its

Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such corporations with the principal officers of the undersigned and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request. The undersigned covenants that it will, and will cause each of its Subsidiaries to keep separate and proper books of records and accounts, in which full and correct entries shall be made of all transactions including any transactions between the undersigned and any of its Subsidiaries and Affiliates, all in accordance with generally accepted accounting principles.

**Section 3.3 Conduct of Business; Maintenance of Existence; Compliance with Laws; Payment of Taxes.** The undersigned covenants that it shall, and shall cause each of its Subsidiaries (except with respect to subparagraph (i) and (ii) below in which case each of its Significant Subsidiaries) to, (i) continue to engage principally in the businesses in which it is presently engaged, (ii) subject to Section 4.1(ii) hereof, preserve, renew and keep in full force and effect its corporate existence and its rights, licenses, privileges and franchises necessary or desirable in the normal conduct of its business, (iii) comply in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), (iv) maintain all of its property in good repair, working order and condition (other than property that, if not in good repair, working order or condition, would not materially adversely affect the business, condition (financial or otherwise) or operations of the undersigned or any of its Subsidiaries), and (v) pay and discharge or cause to be discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its property, real, personal or mixed, or upon any part thereof, when due, as well as all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon its property, provided, however, that neither the undersigned nor any Subsidiary of the undersigned shall be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, and if such reserve or other appropriate provision, if any, as the undersigned or such Subsidiary shall deem adequate (but in no event shall such reserve or provision be in an amount less than such amount as shall be required under, with respect to the Company, the accounting requirements of FERC as set forth in its applicable Uniform System of Accounts and published accounting releases and, with respect to the undersigned and any other Subsidiary, generally accepted accounting principles) shall have been made therefor.

**Section 3.4 Maintenance of Insurance.** The undersigned covenants that it shall, and shall cause each of its Subsidiaries to, (i) maintain insurance in such amounts and with such deductibles and against such liabilities and hazards as customarily is maintained by other companies operating similar businesses, and (ii) upon a request by any holder of a Note, deliver to such holder a certificate of the insurer or the undersigned's independent insurance agent summarizing the details of such insurance in effect and stating the term of such insurance.

**Section 3.5 Ownership of SCE&G and Company.** The undersigned covenants that it shall maintain at all times legal, equitable and beneficial ownership of 100% of the capital stock of (i) SCE&G, except preferred stock having voting rights only following the nonpayment of any stated dividend thereon and containing other terms as are customary in the

utility industry, (ii) upon its formation in accordance with paragraph 2C of the Inducement Letter, the Gas Corporation (as defined in the Inducement Letter) and (iii) the Company.

#### **ARTICLE IV. NEGATIVE COVENANTS**

**Section 4.1 Sale of Stock of Subsidiaries; Mergers, etc.** The undersigned covenants that it shall not, and it shall not permit any Subsidiary (except with respect to subparagraph (ii) below in which case any Significant Subsidiary) of the undersigned to, directly or indirectly:

(i) sell or otherwise dispose of, or part with control of, any shares of capital stock of either of SCE&G (other than preferred stock of SCE&G having voting rights only following the nonpayment of any stated dividend thereon and containing other terms as are customary in the utility industry) or Company, or create, assume or suffer to exist any Lien on or with respect to the capital stock of SCE&G or Company,

(ii) merge or consolidate with any other Person, sell, lease, transfer or otherwise dispose of all or substantially all of its assets to any Person, or acquire all or substantially all of the assets of any Person except that (subject to Section 4.1(i)):

(a) any Subsidiary of the undersigned may merge or consolidate with, or sell, lease, transfer or otherwise dispose of all or substantially all of its assets to, or acquire all or substantially all of the assets of, any other Subsidiary of the undersigned (provided that a wholly-owned Subsidiary of the undersigned shall be the continuing or surviving corporation or the corporation to which such assets have been sold, leased, transferred or otherwise disposed), and

(b) the undersigned and any Subsidiary of the undersigned may merge or consolidate with, or sell, lease, transfer or otherwise dispose of all or substantially all of the undersigned's or such Subsidiary's assets to, or acquire all or substantially all of the assets of, any other Person, provided that (1) both before and immediately after such merger, consolidation, sale, lease, transfer or other disposition or acquisition no Default or Event of Default shall exist, (2) the corporation formed by any such consolidation or into which the undersigned or any of its Subsidiaries shall have been merged, or to which all or substantially all of the undersigned's or such Subsidiary's assets are transferred, assumes unconditionally in writing (which writing shall be satisfactory to the Required Holder(s)) the payment and performance of all obligations of the undersigned or such Subsidiary under the Credit Documents to which each is a party and (3) the holders of the Notes shall have received an opinion from counsel satisfactory to the Required Holder(s), in form and substance satisfactory to the Required Holder(s), as to such matters as the Required Holder(s) may reasonably request, or

(iii) terminate, or permit any Affiliate to terminate, any Plan so as to result in any material (in the opinion of the Required Holder(s)) liability of the undersigned to the Pension Benefit Guaranty Corporation, or permit to exist any occurrence of any Reportable Event (as

defined in Title IV of ERISA), or any other event or condition, which presents a material (in the opinion of the Required Holder(s)) risk of such a termination by the Pension Benefit Guaranty Corporation of any Plan.

**Section 4.2 Issuance of Stock of SCE&G and Company.** The undersigned covenants that neither SCE&G nor Company shall (either directly or indirectly) by the issuance of rights or options for, or securities convertible into such shares, issue, sell or otherwise dispose of any shares of any class of its stock (other than with respect to preferred stock of SCE&G having voting rights only following the nonpayment of any stated dividend thereon and containing such other terms as are customary in the utility industry), except to the undersigned.

## **ARTICLE V. REPRESENTATIONS AND WARRANTIES**

The undersigned represents and warrants on each Date of Closing as follows:

**Section 5.1 Organization.** The undersigned is a corporation duly organized and existing under the laws of the State of South Carolina and each of its Subsidiaries is duly organized and existing under the laws of the jurisdiction in which it is incorporated. The undersigned and each of the undersigned's Subsidiaries is duly qualified and authorized to transact business as a foreign corporation and is in good standing in every jurisdiction in which the nature of the business conducted by it or the ownership of its properties or assets makes such qualification necessary, except where the failure to be in good standing or to be so qualified or authorized would not have a material adverse effect on the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries, taken as a whole. Except with respect to preferred stock of SCE&G having voting rights only following the nonpayment of any required dividend thereon and containing such other terms as are customary in the utility industry, the undersigned owns 100% of the capital stock of SCE&G and the Company.

**Section 5.2 Power and Authority.** The undersigned and each Subsidiary of the undersigned has all requisite corporate power to conduct its business as currently conducted and as currently proposed to be conducted. The undersigned has all requisite corporate power to execute, deliver and perform its obligations under this Guarantee and the Subordination Agreement. The execution, delivery and performance by the undersigned of this Guarantee and the Subordination Agreement have been duly authorized by all requisite corporate action on the part of the undersigned. The undersigned has duly executed and delivered this Guarantee and the Subordination Agreement, and this Guarantee and the Subordination Agreement constitute the legal, valid and binding obligations of the undersigned, enforceable against the undersigned in accordance with their terms.

**Section 5.3 Financial Statements.** The undersigned has furnished Prudential with the following financial statements: (i) a consolidated balance sheet of the undersigned and its Subsidiaries as of December 31 in each of the years 2005 to 2007, inclusive, and consolidated statements of income, cash flows and changes in common equity of the undersigned and its Subsidiaries for each such year, all reported on by the undersigned's independent public accountants, (ii) a condensed consolidated balance sheet of the undersigned and its Subsidiaries as of March 31 in each of the years 2007 and 2008 and condensed consolidated statements of income, cash flows and comprehensive income for the three-month period ended on each such

date, prepared by the undersigned and (iii) a condensed consolidated balance sheet of the Company as at the end of the quarterly period (if any) most recently completed prior to the date as of which this representation is made or repeated to the Purchaser and after December 31, 2007 (other than quarterly periods completed within sixty (60) days prior to such date for which financial statements have not been released) and condensed consolidated statements of income, cash flows and comprehensive income for the periods from the beginning of the fiscal year in which such quarterly periods are included to the end of such quarterly periods, prepared by the undersigned. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved (except as otherwise expressly set forth therein) and show all liabilities, direct and contingent, of the undersigned and its Subsidiaries required to be shown in accordance with such principles. The consolidated balance sheets fairly present the condition of the undersigned and its Subsidiaries as of the dates thereof, and the statements of income, cash flows and changes in common equity, as applicable, fairly present the results of the operations of the undersigned and its Subsidiaries and their cash flows for the periods indicated. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries taken as a whole since March 31, 2008.

**Section 5.4 Actions Pending.** Except as disclosed in the undersigned's or SCE&G's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008 or in the undersigned's or SCE&G's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, copies of which have been delivered to you, there is no action, suit, investigation or proceeding pending or, to the knowledge of the undersigned, threatened against the undersigned or any of its Subsidiaries, or any properties or rights of the undersigned or any of its Subsidiaries, by or before any court, arbitrator or administrative or governmental body which could reasonably be expected to result in any material adverse change in the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries taken as a whole.

**Section 5.5 Title to Properties.** Except as set forth on Schedule 8C of the Note Agreement, the undersigned has and each of its Subsidiaries has good and indefeasible title to, or leasehold interest in, its respective real properties and good title to, or leasehold interest in, all of its other respective properties and assets, including without limitation the properties and assets reflected in the most recent balance sheet referred to in Section 5.3 (other than properties and assets disposed of in the ordinary course of business), subject to defects in title as are not material in the aggregate and do not materially interfere with the conduct of the respective businesses of the undersigned and its Subsidiaries. All leases necessary for the conduct of the respective businesses of the undersigned and its Subsidiaries are valid and subsisting and are in full force and effect, except to the extent not material to the conduct of such businesses.

**Section 5.6 Taxes.** The undersigned has and each of its Subsidiaries has filed all federal, state and other income tax returns which, to the knowledge of the officers of the undersigned, are required to be filed, and each has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles.

**Section 5.7 Conflicting Agreements, and Other Matters.** Neither the undersigned nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Guarantee or the Subordination Agreement, nor fulfillment of nor compliance with the terms and provisions hereof or thereof, will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the undersigned or any of its Subsidiaries pursuant to, the charter or by-laws of the undersigned or any of its Subsidiaries, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the undersigned or any of its Subsidiaries is subject. Neither the undersigned nor any of its Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing Indebtedness (as defined in the Note Agreement) of the undersigned or such Subsidiary, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the creation of, any Guarantee (as defined in the Note Agreement) on the part of the undersigned, except as set forth in the agreements listed in Schedule 5.7 attached hereto.

**Section 5.8 Offering of Notes.** Neither the undersigned nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the undersigned for sale to, or solicited any offers to buy the Notes or any similar security of the undersigned from, or otherwise approached or negotiated with respect thereto with, any Person other than institutional investors, and neither the undersigned nor any agent acting on its behalf has taken or will take any action which would cause the provisions of section 5 of the Securities Act or any similar registration requirements of any securities or Blue Sky law of any applicable jurisdiction to apply to the issuance or sale of the Notes.

**Section 5.9 ERISA.** As of December 31, 2007, no accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, existed with respect to any Plan (other than a Multiemployer Plan). As of the Date of Closing, the minimum funding standards of Section 302 of ERISA and Section 412 of the Code have been satisfied with respect to any Plan (other than a Multiemployer Plan). No liability to the Pension Benefit Guaranty Corporation has been or is expected by the undersigned or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the undersigned, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries taken as a whole. Neither the undersigned, any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries taken as a whole. The execution and delivery of this Guarantee will be exempt from, or will not involve any transaction which is subject to, the prohibitions of section 406(a) of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA by reason of section 406(a) of ERISA or a tax could be imposed pursuant to section 4975 of the Code by reason of section 4975(c)(1)(A)-(D) of the Code. The representation by the undersigned in the next preceding sentence is made in reliance upon and subject to the accuracy of the representation in paragraph 9B of the Note Agreement and, with

respect to the sources of funds described in paragraph 9B(c), (d), (e) or (g) of the Note Agreement, is conditioned on the Company's receipt of accurate employee benefit plan information from the Purchaser.

**Section 5.10 Governmental and Other Third Party Consent.** Neither the nature of the undersigned or of any Subsidiary, nor any of their respective businesses or properties, nor any relationship between the undersigned or any Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities) or any other Person in connection with the execution and delivery of this Guarantee or the Subordination Agreement or fulfillment of or compliance with the terms and provisions hereof or thereof.

**Section 5.11 Compliance With Laws.** Except to the extent disclosed on the undersigned's (i) Annual Report on Form 10-K for its fiscal year ended December 31, 2007 and (ii) Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2008 (none of which the undersigned believes will result in a material adverse effect on the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries, taken as a whole):

(a) The undersigned and each Subsidiary of the undersigned is in compliance in all respects with all applicable laws and regulations, including, without limitation, those relating to equal employment opportunity, employee safety, consumer protection and the environment, except where the failure to do so would not reasonably be expected to, whether considered individually or in the aggregate, result in a material adverse effect on the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries, taken as a whole.

(b) Without limiting the foregoing clause (a), the undersigned and its Subsidiaries and Affiliates and all of their respective properties and facilities have complied at all times and in all respects with all Environmental Laws except, in any such case, where failure to comply would not reasonably be expected to result in a material adverse effect on the business, condition (financial or otherwise) or operations of the undersigned and its Subsidiaries and Affiliates, taken as a whole.

**Section 5.12 Disclosure.** Neither this Guarantee, the Subordination Agreement nor any other document, certificate or statement furnished to Prudential by or on behalf of the undersigned in connection herewith or therewith (including, without limitation, the undersigned's and SCE&G's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008 and the undersigned's and SCE&G's Annual Reports on Form 10-K for the fiscal year ended December 31, 2007) (collectively, the "**34 Act Filings**") collectively, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the undersigned or any of its Subsidiaries which materially adversely affects or in the future may (so far as the undersigned can now foresee) materially adversely affect the business, property or assets, or financial condition of the undersigned or any of its Subsidiaries and which has not been

set forth in this Guarantee, the 34 Act Filings or in the other documents, certificates and statements furnished to Prudential by or on behalf of the undersigned prior to the date hereof in connection with the transactions contemplated hereby.

## **ARTICLE VI. MISCELLANEOUS**

**Section 6.1 Consent to Amendments.** This Guarantee may be amended, and the undersigned may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the undersigned shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) except that, without the written consent of all of the Holders, the undersigned shall not be released from this Guarantee and no amendment, consent or waiver with respect to Article II of this Guarantee or change to the proportion of the principal amount of the Notes required with respect to any consent, amendment or waiver shall be effective. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this Section 6.1, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between the undersigned and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Guarantee” and references thereto shall mean this Guarantee as it may from time to time be amended or supplemented.

**Section 6.2 Survival of Representations and Warranties; Entire Agreement.** All representations and warranties contained herein or made in writing by or on behalf of the undersigned in connection herewith shall survive the execution and delivery of this Guarantee, the transfer by any Holder of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Holder. Subject to the preceding sentence, this Guarantee embodies the entire agreement and understanding between the Purchaser and the undersigned and supersedes all prior agreements and understandings relating to the subject matter hereof.

**Section 6.3 Successors and Assigns.** All covenants and other agreements in this Guarantee contained by or on behalf of the undersigned shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

**Section 6.4 Confidential Information.** For the purposes of this Section 6.4, “Confidential Information” means information delivered to the Purchaser by or on behalf of the Company in connection with the transactions contemplated by or otherwise pursuant to the Note Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by the Purchaser as being confidential information of the Company, provided that such term does not include information that (a) was publicly known or otherwise known to the Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by the Purchaser or any person acting on the Purchaser’s behalf, (c) otherwise becomes known to the Purchaser other than through disclosure by the Company or (d) constitutes financial statements delivered to the Purchaser under Section

3.1 that are otherwise publicly available. The Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by the Purchaser in good faith to protect confidential information of third parties delivered to the Purchaser, provided that the Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 6.4, (iii) any other holder of any Note, (iv) any Person to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 6.4), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 6.4), (vi) any federal or state regulatory authority having jurisdiction over the Purchaser, (vii) the National Association of Insurance Commissioners or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about the Purchaser's investment portfolio, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to the Purchaser (provided that, if not prohibited by applicable law, such holder will use commercially reasonable efforts to give notice to the Company thereof prior to such disclosure), (x) in response to any subpoena or other legal process (provided that, if not prohibited by applicable law, such holder will use commercially reasonable efforts to give notice to the undersigned thereof prior to such disclosure), (y) in connection with any litigation to which the Purchaser is a party (provided that, if not prohibited by applicable law and neither the undersigned nor any of its Affiliates are involved in such litigation, such holder will use commercially reasonable efforts to give notice to the undersigned thereof prior to such disclosure) or (z) if an Event of Default has occurred and is continuing, to the extent the Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under the Purchaser's Notes and the Note Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 6.4 as though it were a party to this Guarantee.

**Section 6.5 Notices.** All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to the Purchaser, addressed to it at the address specified for such communications in the Purchaser Schedule attached to the Note Agreement, or at such other address as it shall have specified to the undersigned in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the undersigned in writing or, if any such other holder shall not have so specified an address to the undersigned, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the undersigned, and (iii) if to the undersigned, addressed to it at 1426 Main Street, Columbia, South Carolina 29201, Attention: Corporate Treasurer, with a copy to the Corporate Secretary, or at such other address as the undersigned shall have specified to the holder of each Note in writing; provided, however, that any such communication to the undersigned may also, at the option of the holder of any Note, be delivered by any other means either to the undersigned at its address specified above or to any officer of the undersigned. Any

such communications which satisfy the foregoing provisions of this Section 6.5 shall be deemed to have been given for purposes hereof when actually received, or on the 5th Business Day after deposit in the United States mail in the case of communication by first class mail, or, on the 1st Business Day after deposit with a nationwide overnight delivery service in the case of communication by nationwide overnight delivery service.

**Section 6.6 Governing Law; Consent to Jurisdiction.** This Guarantee shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York. Any legal action or proceeding with respect to this Guarantee may be brought in the courts of the state of New York or any court of the United States of America located in the state of New York, and, by execution and delivery of this Guarantee the undersigned accepts for itself, generally and unconditionally, the jurisdiction of the above-mentioned court and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or later have based on venue or forum non conveniens with respect to any action instituted therein.

**Section 6.7 Severability.** Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**Section 6.8 Descriptive Headings.** The descriptive headings of the several subsections, sections and articles of this Guarantee are inserted for convenience only and do not constitute a part of this Guarantee.

**Section 6.9 Counterparts.** This Guarantee may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.

## **ARTICLE VII. CONSENT AND REAFFIRMATION**

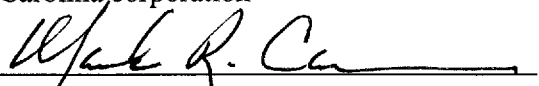
No consent by the undersigned to the Modification Letters is required in order for the Existing Guarantee Agreement to remain in full force and effect and to be enforceable against the undersigned in accordance with its terms. Without limiting the foregoing, the undersigned hereby acknowledges its consent to the terms of the Modification Letters and ratifies and reaffirms all of its obligations and liabilities arising under or otherwise relating to the Existing Guarantee Agreement. The Existing Guarantee Agreement is, and shall remain after giving effect to the Modification Letters, in full force and effect, enforceable in accordance with its terms.

*[Signature pages follow]*

IN WITNESS WHEREOF, this Guarantee has been duly executed by the undersigned  
this 30th day of May, 2008.

**SCANA CORPORATION,**  
a South Carolina corporation

By:



Name:


Mark R. Cannon

Its:

Treasurer

The foregoing Guarantee Agreement is hereby  
accepted as of the date first above written

**THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA**

By:   
Vice President

WHLB